

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-55563; File No. SR-NASDAQ-2007-031)

March 30, 2007

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing of Proposed Rule Change Relating to Trading Three-Character Symbols

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on March 29, 2007, The NASDAQ Stock Market LLC (“Nasdaq”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been substantially prepared by Nasdaq. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of the Substance of the Proposed Rule Change

Nasdaq proposes to allow any company with a three-character symbol that transfers its securities to Nasdaq from another domestic market to continue using the existing three-character symbol that identifies the company’s securities.

II. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, Nasdaq included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. Nasdaq has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

Historically, securities listed on Nasdaq have traded using four or five character symbols.<sup>3</sup> In 2005, however, Nasdaq announced its intent to allow companies listed on Nasdaq to also use one-, two-, or three-character symbols beginning on January 31, 2007.<sup>4</sup> This announcement was designed to provide market participants and vendors the time needed to make required changes to their own systems that may be affected by the change. Nasdaq announced a series of dates throughout December 2006 and January and February 2007 where market participants could test trading Nasdaq stocks using one-, two-, or three-character symbols on weekends, in after hour sessions, and during full day sessions.<sup>5</sup> Beginning February 20, 2007, Nasdaq had the ability to accept and distribute Nasdaq-listed securities with one-, two-, or three-

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<sup>3</sup> This includes securities listed on Nasdaq's predecessor market, operated as a facility of the NASD.

<sup>4</sup> See Head Trader Alert 2005-133 (November 14, 2005), available at: <http://www.nasdaqtrader.com/Trader/News/2005/headtraderalerts/hta2005-133.stm> and Vendor Alert 2005-070 (November 14, 2005), available at: <http://www.nasdaqtrader.com/Trader/News/2005/vendoralerts/nva2005-070.stm>. See also Head Trader Alert 2006-144 (September 29, 2006), available at: <http://www.nasdaqtrader.com/Trader/News/2006/headtraderalerts/hta2006-144.stm>, Head Trader Alert 2006-193 (November 16, 2006), available at: <http://www.nasdaqtrader.com/Trader/News/2006/headtraderalerts/hta2006-193.stm> and Vendor Alert 2006-065 (October 4, 2006), available at: <http://www.nasdaqtrader.com/Trader/News/2006/vendoralerts/nva2006-065.stm>.

<sup>5</sup> See Head Trader Alert 2006-201 (December 6, 2006), available at: <http://www.nasdaqtrader.com/Trader/News/2006/headtraderalerts/hta2006-201.stm>, Head Trader Alert 2007-008 (January 25, 2007), available at: <http://www.nasdaqtrader.com/Trader/News/2007/headtraderalerts/hta2007-008.stm>, Head Trader Alert 2007-011 (January 30, 2007), available at: <http://www.nasdaqtrader.com/Trader/News/2007/headtraderalerts/hta2007-011.stm>, Head Trader Alert 2007-020 (February 7, 2007), available at: <http://www.nasdaqtrader.com/Trader/News/2007/headtraderalerts/hta2007-020.stm>, and Head Trader Alert 2007-034 (February 16, 2007), available at: <http://www.nasdaqtrader.com/Trader/News/2007/headtraderalerts/hta2007-034.stm>.

character symbols. Nasdaq reminded market participants about this change again on March 1, 2007, stressing that “[a]ll customers should have completed their coding and testing efforts to ensure their readiness to support 1-, 2- and 3-character NASDAQ-listed issues.”<sup>6</sup> On March 22, 2007, Delta Financial Corporation transferred the listing of its common stock to Nasdaq from the American Stock Exchange (“Amex”) and maintained its three-character symbol, DFC.<sup>7</sup> Nasdaq represents that there have been no trading problems reported to Nasdaq as a result of trading that security on Nasdaq with a three-character symbol.

Nasdaq now proposes to allow any company with a three-character symbol that transfers its securities to Nasdaq from another domestic market to continue using the existing three-character symbol that identifies the company’s securities.<sup>8</sup> Nasdaq believes that this will promote competition among exchanges and reduce investor confusion. Specifically, Nasdaq believes that issuers should have the freedom of choice and competition. Nasdaq believes that as issuers face the important choice of where to list their equities, the symbol an issuer currently uses should not factor prominently in the listing decision process. Similarly, Nasdaq believes that the symbol that a market assigns to an issuer should not serve as an anchor if the issuer wishes to transfer to a competing market. Nasdaq believes that, as such, permitting the portability of these symbols will enhance competition among exchanges and encourage issuers to evaluate exchanges on the basis of objective criteria, including the most efficient trading platform for investors and the lowest costs for shareholders.

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<sup>6</sup> Head Trader Alert 2007-050 (March 1, 2007), available at: <http://www.nasdaqtrader.com/Trader/News/2007/headtraderalerts/hta2007-050.stm>.

<sup>7</sup> See Securities Exchange Act Release No. 55519 (March 26, 2007) (SR-NASDAQ-2007-025).

<sup>8</sup> Nasdaq states that it remains committed to working with the Commission and other markets to establish an equitable and transparent symbol assignment plan.

Nasdaq believes that permitting companies to continue to use their historical symbol will also reduce investor confusion associated with any such transfer because investors will continue to be able to obtain quotations and execute trades using the same familiar symbol and will allow the issuer to maintain a symbol that has become a part of its identity to investors.<sup>9</sup>

Nasdaq believes that this proposal is also consistent with the historical practice of companies that have switched among national securities exchanges. Since August 2001, approximately 200 issues have transferred their listing between the Amex, the New York Stock Exchange (“NYSE”), and NYSE Arca, while maintaining their original ticker symbol upon transfer.<sup>10</sup> Now that Nasdaq is also a national securities exchange,<sup>11</sup> allowing companies to maintain their symbol when transferring to Nasdaq would be consistent with the current practices of other exchanges.

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<sup>9</sup> Nasdaq states that a market transfer will be transparent to investors because, under the Commission’s rules, a company must announce the transfer of its listing on a Form 8-K. See Form 8-K, item 3.01(d). In addition, the issuer must publish notice of its intent to delist its securities from the current market, in a press release and on its website. See 17 CFR 240.12d2-2(c)(2)(iii).

<sup>10</sup> See, e.g., Allis-Chambers Energy (announced on March 7, 2007 its intent to switch from Amex to NYSE keeping the symbol ALY), Yamana Gold Inc. (announced on December 21, 2006 its intent to switch from Amex to NYSE keeping the symbol AUJ), VAALCO Energy (announced on October 2, 2006 its intent to switch from Amex to NYSE keeping the symbol EGY), the transfer of 15 iShares ETFs from the Amex to NYSE Arca keeping their symbols announced on September 27, 2006, and the transfer of The Latin America Equity Fund, Inc., Credit Suisse Asset Management Income Fund, Inc., The Chile Fund, among others, from NYSE to AMEX on May 11, 2006 keeping their respective symbols CIK, LAQ and CH. A complete list of these transfers is available from Nasdaq upon request.

<sup>11</sup> Nasdaq became operational as an exchange for Nasdaq-listed securities on August 1, 2006. See Nasdaq Issuer Alert 2006-001, available at: [http://www.complinet.com/file\\_store/pdf/rulebooks/nasdaq\\_ia2006-001.pdf](http://www.complinet.com/file_store/pdf/rulebooks/nasdaq_ia2006-001.pdf). See also Securities Exchange Act Release No. 53128 (January 13, 2006), 71 FR 3550 (January 23, 2006).

Finally, Nasdaq believes that the changes to its systems to accommodate one-, two-, and three-character symbols will enhance the strength of the U.S. capital markets. As a result of these technological changes, all Nasdaq systems, including the Securities Information Processor (SIP), are able to support all NYSE- and Amex-listed securities using their original symbols over its core transaction and data platforms. Nasdaq notes that this provides an added level of redundancy and resiliency for the U.S. capital markets, and is key to Nasdaq's ability to provide a full back-up for other equity markets in the event of a national or local emergency thereby enhancing the strength of the U.S. capital markets.

## 2. Statutory Basis

Nasdaq believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,<sup>12</sup> in general and with Section 6(b)(5) of the Act,<sup>13</sup> in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to a free and open market and a national market system, and, in general, to protect investors and the public interest. Nasdaq believes that the proposal will reduce investor confusion and encourage competition among exchanges.

### B. Self-Regulatory Organization's Statement on Burden on Competition

Nasdaq does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended.

### C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were neither solicited nor received.

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<sup>12</sup> 15 U.S.C. 78f.

<sup>13</sup> 15 U.S.C. 78f(b)(5).

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 35 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) by order approve such proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-NASDAQ-2007-031 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-NASDAQ-2007-031. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies

of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room. Copies of such filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NASDAQ-2007-031 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>14</sup>

Florence E. Harmon  
Deputy Secretary

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<sup>14</sup> 17 CFR 200.30-3(a)(12).